

A Guide for Canadian Exporters



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THAILAND

A Guide for Canadian Exporters

Office of Trade Development — Asia and Pacific External Affairs 235 Queen Street Ottawa, Ontario K1A 0H5



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Thailand

I. THE COUNTRY

The Kingdom of Thailand, formerly Siam, has an area of approximately 542,000 square kilometres (209,266 square miles). Occupying a strategic position in the centre of the South East Asian peninsula, Thailand borders Kampuchea (Cambodia) and Laos to the east, Burma to the west, and Malaysia to the south. Thailand's coastline borders the Gulf of Siam and the Andaman Sea.

Bangkok, known locally as Krung Thep, and its sister city, Thon Buri are Thailand's government, business and commercial centres. Situated 32 km (20 miles) inland on the Chao Phraya River, Bangkok is Thailand's major port. Other urban centres include Chiang Mai, a northern city with 165,000 inhabitants; Khorat (Nakhon Ratchasima), a city of 150,000 in central Thailand; and the southern cities of Hat Yai and Songkhla, each with populations exceeding 100,000.

History and Government

The earliest Thais migrated into the northern part of the country from southern China during the 5th to 7th centuries A.D. Several independent kingdoms emerged, but by the 13th century, a unified state, the Kindgom of Sukhothai, predominated establishing the origins of Thailand. Beginning in the 16th century, western seafarers established contact with Thailand. Thailand maintained relations with the Western nations until 1668 when the kingdom closed its borders to foreigners. Thailand alone among South East Asian countries escaped colonization.

Thailand's isolationist policy was eliminated in the early 19th century and by the mid-1880s modern western ideas were being introduced into the country by the Thai kings. In 1932 a revolution established the country as a constitutional monarchy. In recent years the country has been governed alternately by military and civilian leaders.

The reigning monarch of the Kingdom of Thailand is King Bhumibol Adulyadej, crowned in 1950. Since 1971, Thailand's government has experienced numerous changes. Since 1979, the country has been ruled by a popularly-elected coalition government.

The People

Thailand's population numbers about 47 million with an average annual growth rate of 2.7 per cent. Approximately 80 per cent of the population are Thai, 10 per cent Chinese (the majority of whom are almost fully assimilated), 3 per cent Malay, and 7 per cent other ethnic groups such as Laotians, Vietnamese, and Cambodians.

The predominant religion in Thailand is Buddhism. The Thai religious tradition, which is a mixture of Theravada Buddhism, Hinduism, and Animism is practised by 90 per cent of the population. There is also a Muslim minority in the southern region.

The national language is Thai, but English is widely used in government and commercial circles. Most official documents and forms are in the Thai language, which has its own distinctive script. Canadian businessmen may have to resort to Thai associates for assistance in dealing with paperwork, making telephone calls, and locating addresses.

Local Customs

It is useful for visitors to Thailand to be aware of the following Thai social and cultural conventions so as to avoid embarrassing faux pas. However, it might be noted that the Thais are an exceptionally tolerant and generous people, and will readily forgive minor, unintentional indiscretions.

Thai people, at all levels in society, display and sincerely hold a high degree of respect for religion and the monarchy. It is not deemed a mark of sophistication to denigrate religious or monarchial institutions. Indeed, it would be viewed as highly insulting if negative comments were made against those of Thailand.

Respect for Buddha's teachings, the core of Buddhism, requires respect for all the visible manifestations of the religion, but particularly for monks, Buddha images and temples.

Monks are accorded the status of superior beings regardless of their social origin. (A man must pay reverence to his own son or servant once he is ordained.) The acceptance of alms from lay people by monks is not viewed as begging, but as assisting common people in their religious and moral improvement. Females

of all ages must avoid any physical contact with monks.

Buddha images should be treated with respect and not used as objects of bodily or interior decoration, or as souvenirs.

Respect for the monarchy is demonstrated both through reverence to earlier kings in the Chakri dynasty and to the persons of the present Royal Family. National symbols, which are also royal symbols, such as the anthem and flag, are always accorded full respect. The "King and I", which is banned in Thailand, is viewed as an insulting mockery of a revered historical personage.

Thai people normally demonstrate respectful behaviour towards elders, and would not encourage easy familiarity between generations. This approach can even transcend social class, as elderly female servants are often called "mother".

Good Thai manners require one to speak softly, smile easily, always act politely, and to display full consideration for the comfort and dignity of others.

Any show of anger or impatience, however apparently justified, is viewed as unsophisticated and unruly. Loud speech and abrupt mannerisms are associated with the behaviour of monkeys.

The public display of physical signs of affection, such as kissing or hugging, is considered improper, even between husband and wife.

For the Thai, the head is viewed as the seat of the soul, and according to tradition, if it is offended against, sickness could result. It is thus appropriate to avoid touching the heads of others, or placing objects near or over them. Even hats must be stored in high places.

By the same token, the feet are viewed as quite base objects by the Thais. It is proper to make one's feet as inconspicuous as possible. In sitting, one should avoid sitting cross-legged, especially with the soles of one's feet pointing towards anyone or an image of Buddha. If sitting on the floor, the position of the "Mermaid of Copenhagen" is preferred. Shoes are similarly scorned and must be removed on entering most homes, and all temples. When removed, these must be stored in low placed.

Thai people like to please others, and will always avoid unnecessary arguing or discord. Consequently if a sincere reply is sought, it is best to avoid leading questions such as "Don't you agree . . ." or otherwise seeking confirmation of one's views.

Dividing up a restaurant or taxi bill, what we call "Dutch Treat", is considered unsophisticated. The Thais call this behaviour "American share" and seldom practise it. When receiving gifts, it is not necessary to open them immediately, as this would appear needy.

You should try to keep your head at a lower level than the heads of your social superiors, when approaching them closely. While this is often difficult, as the height of the average Canadian exceeds that of the average Thai, towering over senior or elderly people unnecessarily should be avoided.

The handshake is accepted in business circles as a concession to Westerners, but should not be excessively practised. Thais generally prefer the wai gesture of greeting, that is, bringing both hands together in the prayer position.

In Thai, the prefix Khun is used to show respect, much like Mr. and Mrs. In day-to-day contact, Thais are usually referred to by their first names, which can be used formally. Thus, Mrs. Pichitra Ratanaphanikorm would be referred to as Khun Pichitra, saving the Western visitor the often difficult task of coping with Thai last names. Note, however, that the full name should be used in addressing letters.

General Information

Climate — The climate is monsoon-tropical, with slight variations from north to south. There are three identifiable seasons: the cool, from November to February; the hot, March to June; and the rainy season, which begins with occasional showers during June, July and August and changes to heavy downpours occurring daily around dusk throughout September and October.

Holidays — Holidays generally observed by the Thai business community are:

New Year's Day — January 1 Chinese New Year (three days) — January or February (varies) Makha Bucha Day — February (varies)
Chakri Memorial Day — April 6
Songkran Festival — April 13
Labour Day — May 1
Coronation Day — May 5
Visakha Bucha Day — May (full moon)
Mid-year Holiday — July 1
Buddhist Lent — July (varies)
Queen's Birthday — August 12
Chulalongkorn Day — October 23
King's Birthday — December 5
Constitution Day — December 10
Christmas Day — December 25
New Year's Eve — December 31

Measures — The metric system is used although Siamese weights and measures are occasionally used.

Electricity — Electricity for domestic use is supplied at 220 volts, 50 cycles AC. The industrial supply is 220 and 380 volts, 50 cycles AC on a three-phase system.

Post, Telex, Telephone — International telex and telegram facilities are available in Bangkok. The telephone system is quite reliable, however overseas calls may involve some delay. Airmail postage from Canada takes at least 7-10 days.

Business Practices

Business Hours — Thailand is 12 hours ahead of Eastern Standard Time. When it is 9:00 a.m. in Toronto or Montreal, it is 9:00 p.m. in Bangkok. The Thai Calendar is based on the Buddhist System; 1981 A.D. is B.E. 2524.

Government offices are open from 8:30 a.m. until noon and from 1:00-4:30 p.m., Monday to Friday. Most businesses have working hours from 8:00 a.m.-5:00 p.m. Monday to Friday and 8:00 a.m.-12:00 p.m. on Saturday. Bank hours are from 8:30 a.m.-3:30 p.m. Monday to Friday. The Canadian Embassy in Bangkok is open from 7:30 a.m.-4:15 p.m. Monday through Thursday and 7:30 a.m.-1:30 p.m. on Friday.

Dress — Lightweight clothes such as tropical suits are worn year round. Business suits are normally worn only on calls to senior officials.

II. ECONOMIC INFORMATION

The National Economic and Social Development Board (NESDB) is the government agency responsible for state planning and development in an economic system that is basically capitalistic. The thrust of the current development plan, the Fifth National Economic and Social Development Plan (1982-1986) deals with the nation's economic and social structural difficulties. The plan establishes as its major objectives the reduction of poverty and acceleration of rural development, the maintenance of economic and financial stability, the restructuring of the production process in the agricultural and industrial sectors, the adjustment of the social structure, and the co-ordination of economic development activities with national security management. Important dimensions of the plan include agricultural development, structural adjustment in the industrial sector, and the reduction of oil imports to zero growth rate. The following sectors have been identified as priority areas for development:

- Increased electricity generation hydro and thermal.
- Expansion of public utilities Bangkok sewage and drainage, etc.
- Development of new industries: potash, steel, fertilizer, soda ash, etc.
- Development of mineral resources, including natural gas upgrading and related products.
- Irrigation and rural development.

III. BUSINESS INFORMATION

Sources of Financing

Foreign aid creates trade opportunities in Thailand for Canadian businesses not only through Canadian aid programs but through projects financed by multilateral lending institutions such as the World Bank Group and the Asian Development Bank, as well as bilateral donors for which procurement is not tied to the donor nation. Development projects provide for the supply of goods and services through both competitive bidding and subcontracting to contractors. Procurement systems for projects financed in Thailand by international lending agencies follow "international competitive bidding" procedures. Canadian businesses will wish to monitor those sources of information on such projects. Information on the status of projects is published by the information offices of the World Bank Group and the Asian Development Bank, Project information can also be obtained from the South East Asia Division, Office of Trade Development - Asia and Pacific, of the Department of External Affairs in Ottawa or the Commercial Division of the Canadian Embassy in Bangkok. Thailand.

To further Canadian export development objectives, two federal trade promotional programs are available, namely:

 the Promotional Projects Program (PPP) through which the Department of External Affairs plans and implements promotional projects abroad; and

2) the Program for Export Market Development (PEMD) through which repayable loans are made to individual companies to cover costs in developing export business which might otherwise not be undertaken.

Through the PPP, Canadian trade fairs abroad, trade missions, and trade visits are initiated, organized, and implemented by the department. The range of these activities includes participation in international trade fairs, solo shows, and in-store promotions; the organizing of technical seminars and trade missions abroad; and the sponsoring of foreign visits to Canada to stimulations.

late the sale of Canadian products in various export markets.

In contrast to the PPP projects, proposals under PEMD are made by Canadian industry rather than government. PEMD is made up of several sections, each of which is designed to support a particular phase of market development including project proposal preparation, market identification, participation in trade fairs and sponsoring of incoming buyers. In all sections of the program, companies are encouraged to develop self-sustaining export markets for their products. For details see the PEMD brochure.

For further information regarding both the PPP and the PEMD programs, please contact the South East Asia Division, Office of Trade Development — Asia and Pacific, of the Department of External Affairs.

The Canadian International Development Agency (CIDA), under its Industrial Co-operation Program (ICP) provides direct support for Canadian companies to investigate industrial co-operation opportunities in developing countries. The program funds proposals by Canadian investors such as joint ventures, licensing agreements, management contracts, or other commercial undertakings. For more information contact:

Director General Industrial Co-operation Division Canadian International Development Agency 200, promenade du Portage Hull (Québec) K1A 0G4

Tel: (819) 997-7901

Of importance to Canadian businessmen is the Export Development Corporation (EDC) whose purpose is to encourage, facilitate, and develop Canadian export trade by providing credit insurance, guarantees, loans, and other financial assistance to enable exporters to meet international competition. For further information on EDC services contact:

Export Development Corporation Head Office 110 O'Connor Street, P.O. Box 655 Ottawa, Ontario K1P 5T9

Tel: (613) 237-2570

Marketing Information

Representation

Goods may be imported into Thailand by either the enduser or through a trading company or local agent. Given the need for ongoing market activity, the importance of follow-up and the complexities of selling in the Thai market, a good local representative is of paramount importance to the Canadian exporter. Moreover, the government often requires that bids on tenders be submitted through a local agent.

Bangkok has numerous import houses, varying from the small one-man operation specializing in specific product sectors and servicing only a few accounts or projects, to the large diversified trading companies which may trade as principals and also be involved in assembling, manufacturing, and wholesaling throughout the country. Most agent/distributors operate from Bangkok, where more than 90 per cent of import trade is handled. Market coverage of the southern peninsula, however, is often undertaken by firms based in Malaysia. A few Canadian firms have established representation for the Thai market in Singapore, but without conspicuous success. Regional representation based outside of Thailand is most useful during the initial stages of a market strategy as a means of providing after-sales service.

The service of an aggressive and active representative in Thailand is an effective means of expanding sales in the market. The Canadian firm should ensure that the chosen agent is both knowledgeable of the product and is familiar with the business practice prevailing in the particular sector. One must often rely on the representative to arrange appointments with appropriate government officials and corporate officers, as well as clear necessary documents through bureaucratic channels. Consultants are well advised to have an arrangement with a local firm to co-operate on a project-by-project basis.

Experienced Canadian businessmen have found that a properly trained local agent could also perform as a translator. Despite the widespread use of English in the Thai business community, communication may pose some problems when technical details are discussed. As a means of supporting this role, technical support, in the form of regular training sessions in the latest de-

velopments and innovations as they relate to the particular product or service is of paramount importance to the representative's training and, ultimately, the product's credibility in the market.

Canadian exporters looking for suitable representation may wish to write to the Commercial Division of the Canadian Embassy in Bangkok, enclosing six sets of company brochures, to receive the names and addresses of prospective representatives. The Canadian company should then contact these Thai firms directly, and, as soon as serious correspondence takes place, a personal visit should be planned.

Canadian companies seeking reports on the credit rating and stability of local firms being considered as agents should contact the Commercial Division of the Canadian Embassy. Whenever possible, a preliminary investigation will be undertaken by the Commercial Division. However, it is necessary to engage an outside firm to do a complete credit investigation and the costs involved are billed back to the Canadian company.

In selecting agents, care should be taken to ensure that conflicting agencies are not appointed or that a firm is not over-committed and thus unable to give the necessary support. Any such appointments may be for a trial period of a year; to be confirmed at the end of the allotted time if performance is satisfactory. Letters of understanding should then be exchanged. It is important to support your agent by providing technical literature and visiting Thailand regularly or bringing him to Canada to learn more about your product.

In summary, effective local representation is an important factor in business development in Thailand and acquiring this requires considerable effort, demonstration of a long-term commitment, the establishment of one's bona fides, and lots of patience.

Thai Import Regulations

Most goods may enter Thailand without an import licence. Rather, a simple entry declaration form presented to customs authorities is required. For a number of items, however, licences are required. These items include goods whose import is normally prohibited in order to protect local industries; goods whose import is subject to a requirement for concurrent purchase of similar goods produced domestically; and goods whose import is controlled for health, security, or other reasons.

The Thai customs tariff is based on the Customs Cooperation Council Nomenclature (CCCN). Most duties are levied on an ad valorem basis and assessed on the c.i.f. value of the import. Duties may also be specific or both ad valorem and specific. The ad valorem duties range from zero to 80 per cent and may be payable in baht at the time the goods are cleared through customs.

In addition, a business tax ranging from 1.5 to 30 per cent is levied on almost all imports. There are also excise taxes levied on certain articles, a stamp tax levied on business transactions, and a municipal surtax of 10 per cent levied on the amount payable under the business tax.

Imports into Thailand require the following documentation. Commercial invoices, containing full details and signed by the exporter, must be supplied in triplicate. Three original bills of lading (for bank purposes) and three unsigned copies (two for the consignee and one for customs authorities) are required. Those goods subject to import control must be accompanied by a certificate of origin. Finally, a sanitary certificate is required for some seeds, fruit, and live animals.

Samples — Commercial samples are permitted entry without duty. Samples of commercial value are admitted duty free against a bond, on the condition that the samples are re-exported within six months.

Labelling — Goods should be packed so as to withstand port handling, pilferage, and prolonged exposure to heat and humidity due to delays in port clearance. Metric weights and measurements must appear on all packaged goods, and there are special labelling regulations for tinned milk and many other foodstuffs.

Exchange Controls

The Bank of Thailand administers a system of exchange control on behalf of the Ministry of Finance; but in practice, few restrictions are imposed. Authorized banks may approve most payments for imports and other current payments requiring foreign exchange, upon submission of required documents. The approval of the Bank of Thailand is, however, required for advance payments exceeding U.S. \$1,400, for opening letters of credit with an expiration date over nine months, and for revolving letters of credit.

Shipping Services from Canada to Thailand

From Western Canadian Ports — East Asiatic Company schedules two sailings per month from Vancouver to Bangkok. Space accommodation for general cargo, refrigerated cargo, ventilated cargo, and container cargo is available. The line is represented in Canada by Johnson, Walton Steamships Limited in Vancouver and Robert Reford Inc. in Toronto and Montreal.

From Eastern Ports — Barber Blue Sea Line schedules three sailings a month from Saint John to Bangkok. Space accommodation for containers, general cargo, refrigerated cargo, and bulk liquids is available. The line is represented by Barber Steamship Lines (Canada) Inc. in Montreal and Toronto and by R.C. Elkin Limited in Saint John.

P.T. Djakarta Lloyd schedules monthly sailings from Toronto and Montreal in the summer and from Saint John in the winter to Bangkok. Space accommodation for general cargo and container cargo is available. The line is represented in Canada by R.G. Redburn Limited in Montreal and Toronto.

Federal Commerce and Navigation Limited schedules monthly sailings from Sault Ste. Marie and Quebec during the summer and Montreal during the winter to Bangkok. Space accommodation for general cargo and container cargo is available. The line is represented by Federal Commerce and Navigation Limited in Montreal and R.G. Redburn Limited in Toronto.

Thai Transportation and Infrastructure

The Bangkok-Thon Buri metropolitan area has a well-developed infrastructure. Efforts are under way to develop infrastructural facilities in other areas of the country but many regions, except for some municipal areas, lack the support services and facilities necessary for industry.

The most important mode of transportation in Thailand is the highway system which consists of about 22,882 km (14,218 miles) of paved highways and an additional 15,362 km (9,545 miles) of unpaved roads. Cargo and passenger transport is carried out primarily by independent operators. Interprovincial trucking, however, is shared by private operators and the government-sponsored Express Transport Organization (ETO) to provide nationwide service.

The Thai Railway (State Railway of Thailand) is government-owned and operated and has a network of approximately 3,765 km (2,339 miles) of single meter gauge, mainly single tract. The improvement and expansion of relatively limited facilities is currently under way.

Inland waterways are Thailand's oldest and still important means of national transport. Water transport, despite its relatively cheaper cost when compared to rail or truck, is slow and subject to delays. Ocean freight enters Thailand via one principal and 19 minor ports. The principal port, Bangkok, handles 98 per cent of Thailand's imports, but facilities are still limited.

Don Muang International Airport, near Bangkok, is a port of call for many international and regional carriers. Regular domestic air service is provided by Thai Airways to other major Thai cities. Don Muang Airport is being expanded and plans for a new international airport are under consideration.

The Electricity Generating Authority of Thailand (EGAT) is responsible for electricity generation in Thailand. The present capacity, from lignite, gas turbine, and diesel sources, is 2,407,350 kilowatts. The fifth five-year plan identifies increased hydro and thermal-sourced electricity generation as a priority area for development.

Tendering on Projects

Procurement by government agencies in Thailand may be financed through government funds or through funds made available by donor governments or international agencies. Procurement procedures, therefore, vary with the government department, lending country (including Canada), or international agency.

Thailand's government has no central purchasing agency. Rather, each department or agency is given the responsibility for its own buying. The majority of overseas goods is procured through public tender, and bidders must register with the government. Bids in response to tenders are evaluated on the basis of price, quality, experience, and level of technology, as well as on considerations such as after-sales service, credit terms, and local content. Experienced Canadian firms have found it advantageous to team up with a Thai engineering/consulting company.

Invitations to bid on government tenders usually require that a deposit of 6 per cent accompany the bid. The deposit is refunded to unsuccessful bidders, and the successful bidder's deposit is retained as a performance bond and returned once the work has been completed.

Loans from the international financial institutions have been responsive to the Thai government's development priorities concerning almost all major sectors in the economy. The United Nations publishes a newspaper titled "Development Forum" in which multilaterally funded projects in various countries are listed. In Thailand, tender announcements are published in leading news media. The Commercial Division at the Canadian Embassy in Bangkok will also be able to provide Canadian firms with further information.

Successful project bidding requires close contact with those Thai government departments and international agencies responsible for project planning and implementation. Canadian firms should choose a Thai representative or associate in advance of a tender call, and preferably during the gestation process of the project, to allow involvement at the earliest possible stage. Experienced Canadian firms have suggested that consultants complete some other project(s) abroad before bidding in Thailand. Finally, only those firms that are willing to invest a significant amount of time in Thailand's market are advised to seek project work.

Labour

Thai labour legislation consists of a series of acts and codes governing principal terms and conditions of employment. The Department of Labour is charged with implementing labour laws and performing labour inspections. All labour unions must be registered with the Department of Labour in order to operate.

Expatriate personnel in Thailand require a work permit, however many occupational categories are not open to expatriates. A committee now exists "to facilitate and expedite" such visa applications. The committee normally notifies applicants of a decision within three weeks of applications, and where applications are approved, the Immigration Division and the Labour Department will attempt to issue residence and work permits within another two weeks. Applicants must

possess a non-immigrant visa before entering Thailand; holders of a tourist visa will not be eligible to apply through the above procedure. Details are available from:

The Thailand Management and Productivity Centre Department of Industrial Promotion Ministry of Industry Rama VI Road Bangkok 4

Thailand Tel: 281-7033, 281-7148, 281-7329

Advertising and Research

The usual facilities and media used in Canada are available in Thailand. There are a number of advertising and promotional agencies in Bangkok, and Canadian exporters are advised to consult them before embarking on comprehensive advertising campaigns.

English language promotional literature is acceptable to the Thai business community. The English language press, composed of three daily newspapers and several business magazines, is eager to receive information about new products and processes. The Canadian Embassy can assist with placing material in these publications. Canadians are reminded that imported printing advertising matter is dutiable at 30 per cent ad valorem or 3 baht per net kilogram, whichever is higher.

There are also a number of research agencies in Bangkok offering both market research and feasibility study services. While the results of local representatives are often satisfactory, in recent years several firms have developed an acceptable competence in professional market research.

Methods of Payment

Payment is usually made by letter of credit until the customer becomes well known to the exporter. "Documents of acceptance", up to 180 days, is also a widely practised method of payment.

Quotations should be in U.S. dollars, or other currency agreed to with the buyer. For capital equipment, where costs are high and deliveries span a year or more, purchasers require both f.o.b. and c.i.f. price quotations. Suppliers of other products need only submit c.i.f. prices.

Business Dispute Procedures

Canadian exporters are advised to thoroughly investigate the financial status of prospective customers before concluding credit transactions. Legal procedures in Thailand are usually slow. Companies should only consider litigation to collect debts when all other means have failed.

Banking and Local Finance

Approximately 30 commercial banks operate in Thailand, including the Bangkok Bank, the largest bank in the countries of ASEAN. There are 14 banks represented in the country, although their branching activities are restricted. The following Canadian banks have representative offices in Thailand:

Bank of Nova Scotia Suite 1401, 14th Floor Bangkok Bank Building Silom Road Bangkok

Royal Bank of Canada Cathay Trust Building 1016 Rama IV Road Bangkok, Thailand Tel: 233-0124

Property Protection

Patent Law is comparatively new in Thailand, and much progress has been made recently in implementation of the new legislation. The regulations which now exist in Thailand do offer protection for the patents and trademarks of foreign companies, although enforcement is sometimes a problem and authorities may need assistance in bringing violators to court. Registration of a patent or a trademark should be made with the Department of Commercial Registration, Ministry of Commerce, Bangkok. Application is generally made through a local agent, as the applicant is required to have a business address in Thailand. Registration, if approved, is valid for ten years and may be renewed.

Investment

Thai Legislation for Foreign Investment

Traditionally, the government of Thailand's attitude to foreign investment has been very liberal. Despite some restrictions on foreign business activities under the Alien Business Law (1972), foreign capital and expertise are officially recognized as an important development tool. The Board of Investment (BOI) provides a number of incentives and guarantees to priority investors including tax holidays, tariff waivers, assurances against nationalization, and government protection from competition

The BOI-defined priority areas for foreign investment generally include export-oriented, labour-intensive industries using local materials. Promotional privileges are often granted and vary in relation to the benefits that Thailand is expected to derive from the promoted project. Currently, the BOI's emphasis is upon the following industries: agriculture, metal mining, ceramic, chemical, mechanical, electronic, construction materials, textiles and tourism.

Foreign investment is permitted in most manufacturing industries. Under the Alien Business Law, however, there are restrictions on the proportion of foreign interest in certain industrial and commercial activities. This law is designed to promote the development of domestic enterprise and to reserve some fields of business to Thai nationals. The degree of foreign participation is restricted according to business category and all foreign firms must apply for licences to operate.

Forms of Business Organization

As noted above, a foreign investor may not engage in certain types of industrial and service activities unless there is Thai participation in the venture. Once this criteria is met, the Canadian investor may engage in business in the form of a single proprietorship, a corporation, a partnership, a limited partnership, or a branch of foreign corporation. The most popular form of business for foreign investors has been the corporation. Although many foreign companies operate in Thailand through branch offices, the procedures for establishing are complex and subject to a number of restrictions.

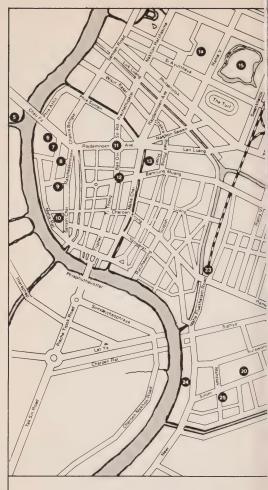
Taxation

Corporate income tax is levied on net profits derived from business carried on in Thailand at a flat rate of 35 per cent (30 per cent for companies listed on the stock exchange). Citizens and resident aliens are subject to a graduated personal tax ranging from 7-60 per cent. In addition, dividend income for individuals is added to personal income tax and taxed accordingly. There is no double taxation treaty between Canada and Thailand.

Thai Export Regulations

The export of several products is controlled in order to preserve quality standards and certification is required from the relevant department. These include tapioca, Thai silk, silverware, gold jewellery and other products.

Some products are subject to a total export ban, which might be permanent or only in effect during times of supply deficit. Currently, the following products are banned for export: teak logs, gold bullion, fertilizer, cement, antiques and Buddha images.



- Canadian EmbassyBank of Nova Scotia
- Royal Bank
- Ambassador Hotel
- Royal Barge
- National TheatreNational Museum
- Weekend Market
- Wat Phra Keo (Temple of the Emerald Buddah
- Wat Pho
- Democracy Monument
- The Great Swing
 - Wat Sraket (Golden Mo
 - 19 Chitlatda Palace



- Victory Monument
- 1 Indra Hotel
- © Siam Intercontinental Hotel 🚳 Sheraton Hotel
- President Hotel
- Narai Hotel
- 2 YMCA
- @ Erawan Hotel
- @ Hua Lampong

Railway Station

- Oriental Hotel
- Rama Hotel
- Montien Hotel
- Saowapha Institute Snake Farm
- Chulaongkorn Hospital
- Dusit Thani Hotel
- Nursing Hospital

IV. YOUR BUSINESS VISIT TO THAILAND

Services of the Canadian Embassy

The Commercial Division of the Canadian Embassy in Thailand functions as a liaison between Canadian firms and local business and industry. Offering a fairly comprehensive scope of services, the Trade Commissioner seeks business opportunities for interested and capable Canadian firms. Market surveys of reasonable proportions are conducted on behalf of Canadian exporters. The Trade Commissioner may also assist the market effort by providing recommendation and advice on matters relating to the selection of agents, advertising modes and preferences, as well as translating facilities. Given advance notice, appointments with appropriate contacts and the receipt of mail may be arranged through the Commercial Division. Finally, the Trade Commissioner may assist those Canadians established in the market by offering advice on matters such as trade disputes and legal problems.

The Trade Commissioner should be advised of one's intentions to visit Thailand well in advance of arrival. The extent to which the firm can be assisted by the trade office will depend upon the information provided concerning the company itself, the purpose of the visit, and contacts previously established in Thailand's business community. If the product or service is specialized or highly technical, information on its use, the type of presentation it would require, and its competition in the market helps to avoid unnecessary research as well as unsuitable appointments and, subsequently, a waste of the Canadian businessman's time. Finally, Canadian firms should maintain an ongoing contact keeping the Trade Commissioner informed of subsequent activities and future plans.

Business Calls

The best introduction to Thailand and its business opportunities is by personal visit. Local businessmen usually prefer to meet and deal with their prospective clients personally. Upon arrival, the Canadian businessman faces a double challenge — convincing local contacts of his firm's competitiveness in the market and

overcoming any misconceptions that may exist regarding Canadian capabilities in general. The establishment of legitimacy and a long-term commitment is of primary importance to a successful business strategy.

Business methods and customs in Thailand differ from those in Canada. Communication problems, heavy traffic during business hours, difficulties associated with arranging appointments, and a generally slower paced approach to business make doing business in Thailand a time-consuming process requiring an ongoing commitment. Considerable flexibility should be allowed in meeting deadlines and often one may have to extend the visit.

In Thailand, appointments should be kept punctually, bearing in mind that traffic is often congested. In order to avoid high temperatures and humidity during the day, appointments may be made in the early morning. Entertainment is also central to the process of business development. Canadian businessmen may be entertained by local contacts, and it should be noted that reciprocal invitations are much appreciated.

The pursuit of contacts within the Thai business community play an important role in business srategy. A good local representative will usually arrange appropriate contacts, ensure compliance with local business practices, and act as a facilitator, continuing the contact in the absence of the Canadian businessman. In some cases, business is not discussed at the first meeting. Rather, the initial session serves as an opportunity for the potential client to evaluate the Canadian firm's capabilities against current sources. Acceptance depends much on a thorough display of the product or service.

Presentation Important

Canadian firms should make a complete presentation to the prospective client in the initial stages of contact. This may include literature, specifications, samples, and all the price, delivery, and quality control information the contact will require for his evaluation of the Canadian firm and its product or service. Businessmen should also have an adequate supply of business cards at all times. Finally, in the event of an equipment demonstration, make sure that the system functions properly in the given environment; any shortcomings will result in a loss of confidence in the product as well as the firm.

What to Bring

Seasoned business travellers bring a number of useful business supplies. Among those recommended are:

- 1. Sales literature, and where applicable, samples.
- Company stationery (for correspondence and thankyou notes).
- 3. Business cards.
- 4. Extra passport photos (for visas, etc.).
- 5. Small give-aways with the company's name printed on them. (Once personal contact has been established through an initial visit to Thailand, the presentation of a gift is customarily welcomed upon one's subsequent visit.)

The Canadian businessman who does not want to carry business cards and promotional material with him in his luggage can arrange to have it forwarded to the Canadian Embassy in Bangkok by air freight. Arrangements should be made approximately three weeks prior to arrival in Thailand.

Follow-up

Appropriate follow-up can be crucial to the success of a business visit. Thank-you notes as well as samples, brochures, and requested information should be quickly dispatched upon arrival in Canada. Regular correspondence with contacts and representatives established while in Thailand, as well as with the Commercial Division of the Canadian Embassy, will serve to promote legitimacy and business development. A follow-up visit should be planned in the event that there is business potential.

Travelling to Thailand

A valid passport is a basic requirement for travellers to Thailand. Visitors stopping in Bangkok en route to other destinations are automatically given a 15-day transit visa at immigration upon arrival if they have confirmed proof of onward transportation. This transit visa is not renewable or extendible. For visits exceeding 15 days, a tourist visa, valid up to 30 days, is required, at a cost of \$12.00. Tourist visas can be obtained from the Embassy of Thailand in Ottawa or other national capital cities.

An international certificate of vaccination against cholera may be required. Yellow fever inoculation is required of arrivals from infected areas. If travel in rural areas is planned, it is advisable to carry medication for malaria. The following inoculations are strongly recommended: tetanus, polio, typhoid, and gamma globulin. Care should be taken not to drink tap water. Bottled drinking water is provided in hotels. Visitors are advised to contact the Department of Health and Welfare in Ottawa for up-to-date information on required vaccinations.

Visitors to Thailand are permitted to bring into the country one still camera and one movie camera; five rolls of still camera film and three rolls of eight or 16 mm camera film; 200 cigarettes or 250 grams of tobacco; one bottle of liquor. Narcotics, pornographic materials or firearms are banned.

The unit of currency in Thailand is called the baht. In mid-1982, the exchange rate was 18.7 baht to the Canadian dollar. Visitors may not import or export more than 500 baht per person. There is no restriction on the amount of foreign exchange that may be brought into the country or re-exported provided it is declared on arrival. Visitors are advised to purchase baht at commercial banks to avoid changing money at hotels, where the exchange rate is low.

There are a number of first class hotels in Bangkok. It is advisable to reserve accommodation in advance. All hotel rates are subject to 16.5 per cent government tax and a 10 per cent service charge. Room tariffs are quoted in baht (B) and visitors are reminded that hotel prices are subject to change. Confirmation should be sought at the time of booking.

- **** First Class International
- **** Good International
- *** Satisfactory Local

Ambassador Hotel — **** — Soi 11 Sukhumvit Road. Singles from B1,100, twins from B1,300. Tel: 251-5151, telex: TH 2910

Dusit Thani Hotel — ***** — Saladang Circle, Rama IV Road, Singles from B1,600, doubles from B1,800. Tel: 233-1130, Telex: TH 81170, 81027

Erawan Hotel — **** — 494 Reajdamri Road. Singles from B1,200, doubles from B1,300. Tel: 252-9100/19; Telex: TH 82189

Rama Hotel — **** — 981 Silom Road. Singles from B1,000, doubles from B1,200. Tel: 234-1010; Telex: TH 82998

Indra Regent Hotel — **** — Rajaprarob Road. Singles from B1,500, doubles from B1,700. Tel: 252-3111; Telex: TH 2723

Mandarin Hotel — *** — 662 Rama IV Road. Singles from B1,367, doubles from B1,493. Tel: 233-4980/9; Telex: MANDARIN 87689

Montien Hotel — **** — 54 Suriwongse Road. Singles from B1,200, doubles from B1,400. Tel: 234-8060; Telex: TH 2609, 82938, 81038

Narai Hotel — **** — 222 Silom Road. Singles B1,100, twins B1,200. Tel: 233-3350; Telex: NARITEL TH 2708

Oriental Bangkok — ***** — 48 Oriental Avenue. Singles from B1,700, doubles from B1,900. Tel: 234-9920/9; Telex: TH 2997

Sheraton Bangkok — **** — 80 Suriwongse Road. Singles from B1,000, doubles from B1,300. Tel: 233-5160; Telex: TH 2648

Siam Intercontinental — ***** — Rama 1 Road. Singles from B1,190, double from B1,300. Tel: 252-9060; Tele: SIAMINTR TH 2527

Bangkok has many restaurants serving all types of cuisine. Prices for food and liquor are comparable to those in Canada, but wines are expensive. A wide variety of entertainment and nightlife is available. Major Canadian credit cards such as Visa and MasterCard are generally accepted in tourist areas.

Most hotels and first class restaurants add a 10 per cent service charge to bills so any additional tipping is optional. Taxi drivers are not tipped. Baggage porters receive five baht per item. Anything under a two baht tip is considered rude.

Air-conditioned chauffered cars are available at major hotels for about \$7 per hour. Regular taxis can be hailed in the street. Meters are not used, and fare bargaining is definitely in order. Fares to most locations in the city centre are between 25 and 60 baht (\$1.25-\$3.00). It is advisable to have the exact amount on hand as taxi drivers are often unable to give change. It is also advisable to have the address of your next appointment written in Thai.

The following airlines serve Bangkok:

Aeroflot — 233-6965/7 Air France — 233-7100 Air India — 234-7558 Air Lanka — 235-6800 Alitalia — 234-5253/7 British Airways — 252-9871/9

Cathay Pacific — 233-1544/8

China Airlines — 252-1748/9

Egypt Air — 233-7601/3 FINNAIR — 252-6367

Garuda — 233-0981/2

Iraqui Airways — 234-1010 ext. 287 Japan Air Lines — 234-9105/18

KLM - 235-5150/9

Korean Airlines — 234-9283/9

Lufthansa — 234-1350/9

Malaysian Airline System — 234-9795/9 Northwest Orient Airlines — 251-9652/4

Pakistan International Airways — 234-2961/4

Pan American — 252-2131/40

Philippine Airlines — 233-2350/2

Polish Airlines — 233-3925 Qantas — 233-8701/5

Royal Jordanian Airways — 251-8904

Royal Nepal Airlines - 233-3921

Sabena — 233-5940 SAS — 511-0821

Saudi Arabian Airlines — 233-3893/4 Singapore Airlines — 233-9830/5

Swissair — 233-2930

Thai Airways — (domestic) 281-1633 Thai International — (Res) 511-0821

There is an international airport departure tax of 50 baht, but no tax for domestic flights.

List of Key Government Agencies and Departments

Ministry of Commerce Sanamchai Road,

Bangkok 2 Tel: 221-0835

Department of Foreign Trade

Sanamchai Road, Bangkok 2 Tel: 223-1481-5

Department of Commercial Registration

Maharaj Road, Bangkok 2 Tel: 221-3865

Ministry of Finance NaPhra Lan Road,

Bangkok 3 Tel: 222-8186-90

Customs Department

Art Narong Road KlongToey, Bangkok 11

Tel: 286-1010-9

Excise Department

Nakornchaisri Road, Bangkok 3 Tel: 241-4778

Revenue Department

Chakraphong Road. Bangkok 2 Tel: 282-5450

Ministry of Industry

Rama VI Road, Bangkok 4 Tel: 281-1200, 281-1067

Department of Mineral Resources

Rama VI Road, Bangkok 4

Tel: 281-7599

Department of Industrial Promotion

Rama VI Road, Bangkok 4 Tel: 281-1200

Ministry of Science, Technology and Energy

6th and 7th floor Department of Science Service Building Yothi Road, Phyathai, Bangkok 4 Tel: 281-4712

National Research Council

196 Phaholyothin Road, Bangkok 2 Tel: 579-1121-30

Ministry of Public Health Devaves Palace, Samsen Road, Bangkok 2

Tel: 282-2121

Ministry of Agriculture and Co-operatives Rajdamnoen Nok Road,

Bangkok 2 Tel: 281-1955

Department of Health

Devaves Palace, Bangkok 2 Tel: 281-7166

Royal Irrigation Department Samsen Road, Bangkok 2

Tel: 241-0740-9

Department of Livestock Development

Phyathai Road, Bangkok Tel: 251-5136-8

Department of Fisheries Rajdamnoen Nok Road, . Bangkok 2

Tel: 281-5577

Royal Forestry Department Phaholyothin Road,

Bangkok Tel: 579-1151

Ministry of Education

Chandrakasem Palace Rajdamnoen Nok Road, Bangkok 3

Tel: 281-7644

Ministry of Communications Department of Highways Rajdamnoen Nok Road, Sri Ayudhaya Road,

Bangkok 1

Tel: 281-3422

Bangkok 4

Tel: 281-6467

Harbour Department Yotha Road, Bangkok 1

Tel: 233-1311-13

Post and Telegraph Department

87 Soi Sailom, Phaholyothin Road, Bangkok

Tel: 279-3181-90

Electricity Generating Authority of Thailand

53 Charansanitwong Road, Nonthaburi, Bangkok 18

Tel: 424-0101-11

National Housing Authority

905 Sukhapiban Road, Klong Chan Bangkapi, Bangkok 24

Tel: 377-2010-23

Expressway and Rapid Transit Authority of Thailand

Phaholyothin Road, Bangkhen, Bangkok 9

Tel: 579-5380-9

Metropolitan Water Works Authority

372 Bamrungmuang-Varachak Road, Bangkok 1

Tel: 233-0041-9

The Provincial Water Works Authority

Temporary Office: The Telecommunication Centre of the Ministry of Interior

Vibhavadi Rangsith Road, Bangkok

Tel: 588-0838

Metropolitan Electricity Authority

121 Chakrapetch Road, Bangkok 2

Tel: 221-2111

Office of the Board of Investment

88 Mansion 2, Rajdamnoen Klang Road, Bangkok 2

Tel: 223-3939

The Bank of Thailand

273 Samsen Road. Bangkok 2 Tel: 281-3311

Industrial Estate Authority of Thailand

Industrial Service Division Building

Soi Kluaynamthai, Rama IV Road, Bangkok 11 Tel: 392-0573-4

Thai Airways International Ltd.

89 Vibhavadi Rangsit Road, Bangkok 9

Tel: 511-0121

Thai Airways Co. Ltd.

6 Larn Luang Road, Bangkok 1 Tel: 281-1633, 282-7640

Port Authority of Thailand Tha-rua Road, Klong Toey,

Phrakanong, Bangkok 11 Tel: 286-2811

Airport Authority of Thailand

Bangkok International Airport, Don Muang, Bangkok 21 Tel: 523-6201

Telephone Organization of Thailand

977 Ploenchit Road, Pathumwan, Bangkok 5

Tel: 257-1000

State Railway of Thailand Rongmuang Road,

Pathumwan, Bangkok 1

Tel: 223-0341

Department of Technical and Economic Co-operation

962 Krung Kasem Road, Bangkok 1

Tel: 281-7555

Office of the National Economic and Social Development Board

962 Krung Kasem Road, Bangkok 1 Tel: 282-1151, 282-3861

Provincial Electricity Authority

200 Ngarmwongwan Road, Bangkhen, Bangkok 9 Tel: 588-3721

The Communications Authority of Thailand

1160 Charoenkrung Road, Bangkok 5

Tel: 223-1050

Petroleum Authority of Thailand

1 Vibhavadi Rangsit Road, Bangkok

Tel: 279-5010

General Post Office

1160 Charoenkrung Road, Bangkok 5 Tel: 223-1050

Tourism Authority of Thailand

Ratchadamnoen Avenue, Bangkok 1 Tel: 282-1143/7

USEFUL ADDRESSES

Bangkok Bank Limited 9 Suapa Road

Bangkok Tel: 222-2111

Bank of America NT and SA

297 Surawongse Road Bangkok

Tel: 233-0930

Board of Trade of Thailand

150 Rajbopit Road Bangkok

Tel: 221-0555

Canadian Embassy

138 Silom Road Bangkok

Tal: 234-1561

Consul General of Thailand Bank of Canada Building 250 University Avenue,

7th Floor Toronto, Ontario M5H 3E5

Tel: (416) 593-5511

South East Asia Division

Office of Trade Development — Asia and Pacific External Affairs 235 Queen Street Ottawa, Ontario K1A 0H5 Tel: (613) 996-8661 **Embassy of Thailand**

85 Range Road, Suite 704 Ottawa, Ontario K1N 8J6

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Tel: (613) 237-1517

Consul General of Thailand

736 Granville Street, Suite 106 Vancouver, British Columbia

V6Z 1G3

Krung Thai Bank 260 Yawarai Road

Bangkok

Tel: 222-0131

Thai Airways International Ltd.

138 Silom Road Bangkok Tel: 234-3100

Thai Farmers Bank

142 Silom Road Bangkok Tel: 234-7050

REGIONAL **OFFICES**

If you have not previously marketed abroad, contact any regional officer of the Department of Industry, Trade and Commerce and Regional Economic Expansion (ITC - DREE) at the addresses listed below.

Newfoundland and

Labrador P.O. Box 8950 90 O'Leary Avenue St. John's, Newfoundland A1B 3R9

Tel: (709) 737-5511 Telex: 016-4749

Nova Scotia

Duke Tower, Suite 1124 5251 Duke Street Scotia Square Halifax, Nova Scotia B3J 1P3

Tel: (902) 426-7540 Telex: 019-21829

New Brunswick

Telex: 014-46140

590 Brunswick Street Fredericton, New Brunswick E3B 5A6 Tel: (506) 452-3190

Prince Edward Island

P.O. Box 2289 Dominion Building 97 Queen Street Charlottetown, Prince Edward Island C1A 8C1

Tel: (902) 892-1211

Telex: 014-44129

Québec

Case postale 247 800, Place Victoria, 37e étage Montréal (Québec) H4Z 1E8 Tél: (514) 283-6254

Télex: 012-0280

220, avenue Grande-Allée Pièce 820 Québec (Québec)

G1R 2J1 Tél.: (418) 694-4726

Telex: 051-3312

Ontario

P.O. Box 98 One First Canadian Place Suite 4840 Toronto, Ontario M5X 1B1 Tel: (416) 365-3737 Telex: 065-24378

Manitoba

185 Carlton Street 4th Floor Winnipeg, Manitoba R3C 2V2

Tel: (204) 949-2381

Telex: 075-7624

Saskatchewan

1955 Smith Street Room 400 Regina, Saskatchewan S4P 2N8

Tel: (306) 359-5020 Telex: 071-2745

Alberta and Northwest Territories Cornerpoint Building

Suite 505 10179-105th Street Edmonton, Alberta

T5J 3S3

Tel: (403) 420-2944 Telex: 037-2762

British Columbia and Yukon

P.O. Box 49178
Bentall Centre, Tower III
Suite 2743
595 Burrard Street
Vancouver, British Columbia

Tel: (604) 666-1434 Telex: 04-51191

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APPENDIX A

Sources of Additional Information South East Asia — General

All-Asia Guide

Far Eastern Economic Review; 11th Edition; 1980

International Trade Reporter: Export Shipping Manual Washington, D.C.; The Bureau of National Affairs, Inc.

Tips for Your First Export Trip K.F. Watson, V. Watson

Ottawa; Evaluation & Strategic Management Associates Ltd.; 1981

"Who Pays the Piper: A Survey of Foreign Investment in Asia"

The Economist; 371:7086 (June 23, 1979) Survey 1-30

Working Abroad Godfrey Golzen & Margaret Stewart London; The Britannia Group; 1977

World Sourcing Sites in Asia Hong Kong; Business International Asia/Pacific Ltd.; c1979

Thailand

Annual Economic Reports Bank of Thailand; Bangkok

The Bangkok Post (Daily) Allied Newspapers Limited; Bangkok

Businessman's Visa for Thailand Siam Cement Group; Bangkok

Doing Business in Thailand Bangkok; SGV-NA Thalang & Co. Ltd.; 1980

Identification of Investment Opportunities Bangkok; Office of the Board of Investment

Quarterly Economic Review of Thailand, Burma London; Economist Intelligence Unit Ltd.; 1st Quarter, 1981 Marketing in Thailand Washington D.C.; U.S. Department of Commerce (Overseas Business Reports OBR 79-38)

Outline of the Fifth National Economic and Social Development Plan (1982-86) Bangkok; National Economic and Social Development Board; January 1981

Procedures for the Implementation of Promoted Projects

Bangkok; Office of the Board of Investment

Selling to Thailand

London; Midland Bank International, 1978 (Spotlight on Overseas Trade)

Thailand

Hong Kong; Hong Kong and Shanghai Banking Corporation, 1979

(Business Profile Series)

(Business Frome Jenes

Thailand

London; British Overseas Trade Board; 1977

Thailand

London; Lloyds Bank Limited; 1980

Thailand — Investment Handbook

Bangkok; Business Information and Research Co. Ltd.



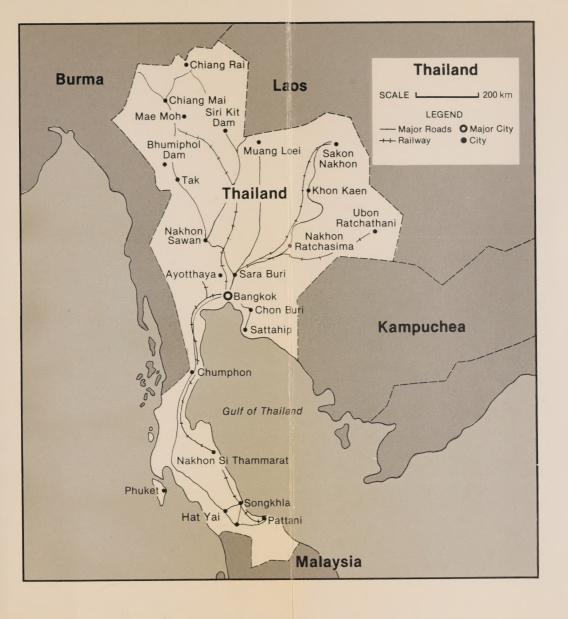


















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